

FLORIDA DEPARTMENT OF REVENUE
PUBLIC WORKSHOP

JULY 9, 2002
1:30 P.M. TO 5:00 P.M.

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A P P E A R A N C E S:

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Also Present: Megan Miller, Training Coordinator

PROCEEDINGS

1 The Florida Department of Revenue public workshop,
2 taken at the Orlando Public Library, Albertson Room,
3 Third Floor, 101 East Central Boulevard, Orlando,
4 Florida, on TUESDAY, JULY 9, 2002, beginning at 1:40
5 p.m., before MARYLEE B. MILLER, being a Registered
6 Professional Reporter and Notary Public, State of Florida
7 at Large.

8 - - - - -

9 MR. MOBLEY: Good afternoon. Today is Tuesday,
10 July 9, 2002, and I'd like to welcome everyone to today's
11 public workshop on the discussion paper on market areas,
12 dated June 12, 2002. My name is Al Mobley, Revenue
13 Program Administrator with the Department of Revenue, and
14 sitting to my right is Mr. Steve Keller, Chief Attorney
15 for the Department of Property Tax Administration
16 Program. Mr. Keller and I will be the co-moderators for
17 today's public workshop.

18 At this time, I would ask the other members of
19 the Department of Revenue in attendance to introduce
20 themselves. Please state your name and your position
21 with the Department.

22 MR. BEGGS: David Beggs, Research Economist.

23 MS. MILLER: Megan Miller, Training Coordinator
24 with Property Tax.

25 MR. MOBLEY: Thank you.

1 MR. KELLER: This is a public workshop noticed
2 consistent with section 120.54 Florida Statutes and held
3 for the purpose of receiving comments from interested
4 parties regarding the issues and questions presented in
5 the discussion paper on market areas dated June 12, 2002.
6 Another public workshop on this discussion paper was held
7 on June 26, 2002 in Tallahassee. These workshops are
8 being held on different days and in different locations
9 in order to maximize opportunities for input from Florida
10 stakeholders.

11 This public workshop was noticed in the June
12 7, 2002 Florida Administrative Weekly. On May 22, 2002,
13 notices of this workshop were mailed to all persons on
14 the Department's interested parties list and to all 67
15 Florida Property Appraisers. Several weeks ago, copies
16 of the discussion paper on market areas were also mailed
17 to all persons on the Department's interested parties
18 list and to all 67 Florida Property Appraisers.

19 MR. MOBLEY: The format for this workshop is
20 informal and the following procedure will be used for
21 receiving your verbal comments today. The discussion
22 paper on market areas is comprised of 11 pages of
23 material with line numbers and which has been divided
24 into sections. One of us will refer to certain portions
25 of the discussion paper and then request any public

1 comments on the content of that portion.

2 Once again, we are here today to receive
3 public comments on the issues and questions presented in
4 the discussion paper and, therefore, the Department of
5 Revenue staff will keep their discussion to a minimum to
6 allow maximum opportunities for inputs from the
7 interested parties in attendance today.

8 Each time you step up to make comments, please
9 begin by clearly stating your name and the organization
10 or office you represent. In that regard, if you have not
11 already signed the sign-in sheet provided at the back of
12 the room, please do so now.

13 Does everyone here have a copy of the
14 discussion paper on market areas?

15 Does anyone not have a copy of this document?

16 Okay, great. If anyone does not have a copy,
17 these are available at the back of the room.

18 Are there any questions regarding the
19 procedure that we're going to use for the workshop today?

20 At this time, does anyone wish to submit
21 written comments on any of the issues or questions
22 presented in the discussion paper on market areas dated
23 June 12, 2002?

24 MR. KELLER: Section 193.1142(2)(A) Florida
25 Statutes requires that the Department of Revenue

1 promulgate market area guidelines. The Department began
2 the public process of developing market area guidelines
3 in January of 2001. This process for promulgation of the
4 market area guidelines has been designed to meet the
5 provisions of sections 195.062, 195.032, and 120.54
6 Florida Statutes.

7 For the purpose of receiving comments and
8 input from all Florida stakeholders, the Department of
9 Revenue has previously held now three public workshops on
10 the issue of market areas on the following dates:
11 January 4, 2001 in Orlando, April 3, 2001 in Tallahassee,
12 and June 26, 2002 in Tallahassee.

13 Since they are a part of the mass appraisal
14 process, the issues of geographic stratification in
15 market areas will be addressed on a limited basis in the
16 Florida Real Property Appraisal Guidelines. These
17 matters will be further developed in the Market Area
18 Guidelines. Care will be taken to make these matters
19 consistent between the Florida Real Property Appraisal
20 Guidelines and the market area guidelines.

21 MR. MOBLEY: We will now begin focusing our
22 attention on the discussion paper on market areas, dated
23 June 12, 2002, and taking public comments.

24 I'd like to direct everyone's attention to the
25 cover page of the discussion paper. This discussion

1 paper was developed to facilitate and to provide
2 framework for conducting the public workshops. And the
3 gist of the discussion paper is a series of questions
4 which we hope reflect the primary issues in the
5 development of market areas and in which we will use as a
6 basis for stimulating and receiving public comment today.

7 There's a note at the last paragraph on the
8 front page. I'd like to read that for everyone's
9 information and to get it into the record.

10 Market areas and geographic stratification are
11 evolving issues in the State of Florida. This discussion
12 paper is not a draft of market area guidelines. The
13 Department has not yet developed a draft of market area
14 guidelines. The information presented in this discussion
15 paper is for education and discussion only, and does not
16 necessarily comprise Department of Revenue policy or
17 direction. The information in this discussion paper is
18 not complete or final. Interested parties are encouraged
19 to stay abreast of market area issues as they evolve.
20 For more information, including workshop notices with
21 dates, times, and locations, refer to the Department of
22 Revenue's guidelines web page. And you can see, there's
23 the address there.

24 This page has quite a bit of information,
25 which Mr. Keller will describe for us now.

1 MR. KELLER: Yes. The web page document is
2 available at the back of the room. It is a one-page
3 printout of that page and it's got the address across the
4 top. I would like everyone here to feel free to get a
5 copy of that and visit that page, which we will have the
6 developing matters on market area guidelines posted for
7 you to access.

8 MR. MOBLEY: At this time, I'd like to direct
9 everyone's attention to Page 1 of the discussion paper.
10 As we go through the document, we'll be referring to line
11 numbers which are located in the left margin. There will
12 also be certain items which are numbered, paragraphs and
13 different sections, and we will refer to the specific
14 areas that we're talking about as we go through the
15 document.

16 I'd like to begin by looking at lines five
17 through eight. The paragraph is entitled, "Purposes of
18 this Public Workshop."

19 Number one, the purpose is to receive public
20 input on the issue of market areas in Florida counties as
21 mentioned in section 193.114(2)(A) Florida Statutes.

22 And the second purpose is to receive ideas
23 from Florida stakeholders for further research and
24 development on this subject.

25 The Department of Revenue is in the process of

1 researching and developing. We have some information
2 that we would like to get some feedback on which have
3 been presented in this document, but we're very open to
4 input or problems or successes that have been experienced
5 in counties and any input everyone has, and the
6 information we receive from this public workshop will be
7 considered in the development of the initial draft of
8 market area guidelines.

9 Beginning on line ten, on Page 1, the
10 paragraph is entitled, "Relevant Questions."

11 Number one. What is geographic
12 stratification, why is it important, and how should it be
13 used?

14 Number two. What guidance on geographic
15 stratification already exists?

16 Number three. How should geographic
17 stratification be applied to different property types?

18 And number four. What are some considerations
19 and tools for implementing geographic stratification?

20 Question three in that paragraph is a key
21 question that we're looking to resolve over the next few
22 months, and that question is -- I'll repeat it -- how
23 should geographic stratification be applied to different
24 property types?

25 Continuing down with line 16, the question for

1 that paragraph is, what is geographic stratification?

2 Geographic stratification means to divide all
3 real property parcels within a Florida county into
4 groups, or strata, based on geographic influences, and to
5 apply specific geographic coding to each such group, or
6 stratum. Common terms used to describe these geographic
7 influences are market areas, sub-market areas,
8 neighborhood, and corridors, which may be referred to
9 collectively as geographic units.

10 The next section discussions some information
11 on market areas as outlined in the most recent draft of
12 the Department of Revenue Action Plan, and I'll just,
13 basically, paraphrase that and then we'll begin to take
14 some comments on those sections.

15 At this point, the current plan is to develop
16 and promulgate market area guidelines and have them
17 approved through the chapter 120 rule-making process by
18 the end of 2003. And in 2004, the Department will do
19 some testing of assessment rolls using market areas in
20 certain counties that have been making use of market
21 areas for some time in an effort to learn more how to
22 design the roll evaluation process to utilize in market
23 areas.

24 The market area guidelines and the coding
25 required for that will be required, at this point under

1 the current plan, to be implemented on Florida assessment
2 rolls in the 2005 tax roll year. This will allow
3 approximately a year and a half, at least, between the
4 time the rules become effective and the time that the
5 counties would be expected to have the new market areas
6 and other geographic units delineated on their assessment
7 rolls.

8 Are there any public comments on any of the
9 information we've covered so far?

10 MR. KELLER: Just a comment on Page 1. It is line
11 29. That sentence, lines 28 and 29, says, the market
12 area guidelines which the Department will be developing
13 following the steps and timeline identified in this plan
14 -- the action plan -- are intended by statute to be
15 directory in their application.

16 The term "directory" there is intended to mean
17 a guideline, something less than mandatory. In other
18 words, these would still be guidelines and would not
19 represent something that is mandatory or self-executing
20 in its application.

21 MR. MOBLEY: Continuing on -- yes, sir.

22 MR. ZACHEM: Let me ask a question of Mr. Keller in
23 that area, if I might.

24 MR. KELLER: Could you state your name for the
25 record?

1 Mr. Zachem: Dave Zachem, for the record.

2 When you say -- do you anticipate -- does the
3 Department anticipate that any of the language in this
4 will find its way into a rule rather than a guideline?

5 MR. KELLER: They will be adopted, it is my
6 understanding, as rules. However, in their application,
7 they will represent guidelines. In other words, they
8 are, by statute, defined as guidelines. And that means
9 that they would not be mandatory in the sense that they
10 would create rights, or of their own effect, affect
11 rights, but they would represent guidelines. However,
12 the place that they are in the statute reference requires
13 that they be adopted as rules.

14 MR. MOBLEY: Are there any other comments or
15 questions about the information we've covered thus far?

16 Continuing on Page 2, line seven. In starting
17 out and looking at market areas, I think it's important
18 to understand what will they be used for. These are some
19 items that have been listed. We'll go through these and
20 then see if anyone has any comments as to which of these
21 uses should take priority or any additional uses that
22 should be considered.

23 The question is, how may geographic
24 stratification be used in mass appraisal?

25 The uses of geographic stratification in mass

1 appraisal may include the following:

2 Number one, to create modeling areas
3 independent location variables, or analysis units for use
4 in computed-assisted mass appraisal applications.

5 Number two, to create specific property groups
6 for quality assurance processes such as ratio studies and
7 evaluating assessment performance for unsold properties.

8 Number three, to provide a criterion for
9 appraisal research.

10 And number four, to serve as a work allocation
11 tool for field operations.

12 At this time, does anyone have any comments or
13 additional ideas on the information listed between line
14 seven and line 18 on Page 2?

15 Yes, sir.

16 MR. ZACHEM: I might make a couple of comments that
17 might refer to some of the other material, but I think
18 I'll only make them once. Dave Zachem, for the record.

19 Earlier, you talk about geographical
20 boundaries and then inside that definition you use the
21 word "stratum." And I think that by combining the word
22 "stratum" into your geographical definition, you're
23 opening yourself up to focusing on these subunits in a
24 nongeographical sense. I think if you do that, you're
25 going to make a tremendous mistake.

1 A lot of what you have in this paper is very
2 good and I don't want to say anything short of that.
3 It's an excellent paper. I think that when you get
4 involved in the actual development of a tax roll that
5 it's a little bit more difficult than that.

6 To produce a tax roll and to, in addition to
7 that, contemplate some of the elements that could be part
8 of this would be a tremendous or horrendous task for a
9 property appraiser's office. Having worked on a couple
10 of them myself, I can visualize a real nightmare.

11 First of all, there is a difference between
12 properties that are modeled that are commercial
13 properties and properties that are modeled that have a
14 greater position to a system approach, like single-family
15 residential and condominiums and co-ops and that sort of
16 thing.

17 I think that you're now exposing yourself to
18 creating geographical definitions for, say, your 01's,
19 your single-family residential, and maybe your 06's and
20 your 09's, or something like that, and make some other
21 stratum. So you may have conflicting, overlapping
22 geographical markets within the same county. That's
23 number one. And in some counties, that's going to cause
24 -- looking at your time frame and thinking about the
25 numbers of staffs that I've had in the past, it might

1 take more than a couple of years to really get to where
2 you're trying to go in some of these areas.

3 My recommendation would be, first of all, that
4 you stick to geographic before you get into anything
5 else.

6 Number two, that you focus on the
7 noncommercial side of the roll, single families and the
8 condos, before you start getting into some of the more
9 nonuniform characteristics, like industrial, apartment
10 complexes, hotels.

11 And number three, you keep in mind that when
12 the Department -- and I understand where you're trying to
13 get to. You're trying to get to an easier way in which
14 to improve the tax roll, and I understand that. And I
15 think if you start out that way, you're going to, very
16 quickly, get to where you want to be and Dr. Wu, and some
17 of the other folks in Tallahassee, will be able to
18 mathematically treat those sections of roll much better.

19 I think you're also going to have to -- and I
20 think I said this at the hearing a year ago -- you're
21 going to have to consider units that are larger than
22 counties rather than, specifically, multiple counties, or
23 a county plus part of another county, as well as some
24 units of a county.

25 And to say that this entire discussion only

1 applies to large counties, my experience would be -- and,
2 you know, I've worked in just about every small county in
3 the state -- I would say most of the small counties that
4 I'm aware of, when you're hunting sales -- and there's a
5 very symbiotic relationship between Seminole, Orange and
6 Osceola as there are in a lot of counties in the State of
7 Florida, where one county is actually using sales in
8 another county. It's a very frequent occurrence.

9 But I have to caution the Department that this
10 is a real slippery slope that you're going down here.
11 When you start -- and a couple of us were talking about
12 this earlier. When you start talking about sub-markets,
13 you can actually get into -- I did about 270,000 condos
14 in Broward for a number of years. You can actually
15 create a market out of all the condos that are on the
16 first floor. You can create a market out of all the
17 condos that are penthouses, no matter where they are in
18 the county. You can create a county out of a Triple A
19 office no matter where they are in the county. You can
20 divide your hotels up into sub-units that way. And
21 you're an appraiser. You know exactly what I'm talking
22 about.

23 I think that if you try to do all of this in
24 two years, I anticipate all of us at each others throats;
25 the Department beating up on the counties, the counties

1 beating up on the reps, and the reps beating up on
2 everybody else. I mean, I think this is too much to try
3 to take on in this paper. And if I was the Department
4 right now, I'd start to limit this discussion as quickly
5 as I possibly can into the smallest common denominator
6 that you can really handle and do a good job and consider
7 this evolutionary. You know, it's going to take ten to
8 20 years to get to where you really want to go.

9 And, frankly, those are my comments on just
10 about the entire paper. Thank you very much.

11 MR. KELLER: Thank you.

12 Just to briefly characterize what was just
13 said, at this point, I don't think there is an idea of
14 what the uses of this process or these guidelines would
15 be in terms of us having any and the Department any view
16 on what the uses are. Right now, these are just
17 questions that we are seeking input. In fact, I think
18 Mr. Mobley will tell you that everything is being
19 questioned. We're questioning everything, at this point,
20 and trying to ascertain what the best answers are and
21 what the best practices are.

22 MR. MOBLEY: I think a lot of the issues that Mr.
23 Zachem addressed in his comments are very real issues.
24 This project could be compared to trying to design one
25 pair of shoes to fit 67 very different pair of feet.

1 Doing this, depending on how the process is defined,
2 within a single county can be a very challenging process.
3 Designing one document to fit all 67 Florida counties is
4 extraordinarily challenging. And we recognize that to
5 get on a track where we can make some conclusions and get
6 market area guidelines accomplished and be able to move
7 forward requires us to open up every issue that's there
8 and get feedback. And that really helps us to understand
9 what the parameters are and we have to make these issues
10 workable in order to get market area guidelines done.

11 And I would agree with Mr. Zachem that this is
12 a document that will probably evolve if this is pursued
13 over the next ten to 20 years, but the law says that we
14 have to have market area guidelines, and we need to have
15 them. And we'll have to define the process in a way that
16 is workable within a reasonable amount of time, and
17 that's what we're working on. And I really appreciate
18 your comments on that.

19 Does anyone else have any comments on line
20 seven through 18 on Page 2?

21 MR. BECK: My name is Stan Beck and I just have
22 some general comments. But I want to take this
23 opportunity to disagree with Mr. Zachem, though I hold
24 him in the highest regard.

25 I think he might agree with me on the

1 following point, that the current approach using huge
2 strata that encompass such diverse properties is so
3 wanting that even a very deficient designation of
4 sub-areas would probably be better than what we currently
5 have. Because what we're dealing with is, you have 67
6 different counties and each county has hundreds of
7 sub-markets, and each stratum in each county is so
8 diverse that what we have, really, now, in many respects,
9 is meaningless. And if you rushed forward and you
10 slapped something together, your worst effort would
11 probably be superior to what we currently have.

12 If you waited 20 years -- I know Dave and I
13 will be out of the business by then, so that's a relief
14 -- but by then, everything will have changed yet again.
15 And the interesting thing that I think we're seeing in
16 Florida, particularly in south Florida where I practice,
17 is that we're running out of vacant land in all of the
18 coastal areas. So you have rapid redevelopment and the
19 value differences are extraordinary.

20 On the coast, we have single-family homes, if
21 you want to talk about that. We have condominiums that
22 are selling for as much as \$1,000 a foot. We've seen
23 sales at \$1,100 a foot. And then you go across the
24 street and you've got sales at \$50 a foot.

25 As Dave was saying, in the same condominium,

1 you could have sales on the Atlantic and then you have
2 sales overlooking Commons Avenue, and the values are
3 dramatically different.

4 You could have, in a neighborhood -- and
5 residential is the easiest to talk about, but, really,
6 this all applies to commercial as well -- you have
7 properties that are rehabilitated or reworked, renovated.
8 Even the terminology here is kind of new, at least for
9 me, because some of the language is things that we're
10 just starting to focus on. But you have a building built
11 in 1940 next door to another building that was also built
12 in 1940, but it was renovated in the year 2001.

13 Now, I realize that this is an enormous
14 challenge and it is not easily mastered, but that's what
15 this is about. That's why we're talking about it, to try
16 to get a grip on the differences. And I think that what
17 you're -- if I can understand it, you're looking at
18 strata. I think you raised this question. You take a
19 strata and you divide it by economic areas, or someone
20 else might look at it and say, we take an economic area
21 and divide it by the strata. I think that your system is
22 to take the strata and divide it into economic areas, or
23 sub-areas.

24 And that answers some of the questions that
25 are posed continuously, because it says, do you base it

1 on property type? And I think the answer to that is yes,
2 but it's not done at the back end. It's done at the
3 front end. Because you start with the strata that you
4 already have and then you break that up, based upon the
5 economic areas.

6 Anyway, those are my random thoughts. Thank
7 you.

8 MR. MOBLEY: Just a question, Mr. Beck. When you
9 say the strata we already have, are you referring to the
10 seven statutory real property strata?

11 MR. BECK: Yes, sir. Right.

12 MR. MOBLEY: Thank you.

13 MR. KELLER: I'd like to throw out another thought
14 here. If you go back to Page 1, on line 17, where it
15 uses the words, "based on geographic influences," and
16 again, on line 19, where it says "geographic influences,"
17 I think there, that another way of looking at that is,
18 those are economic influences.

19 MR. MOBLEY: I see we have another interested party
20 eager to speak on the subject.

21 MR. BARBER: Well, to be honest with you -- my name
22 is Wade Barber from Pasco County -- I don't think this
23 document has evolved to the point that this is
24 necessarily the best format to approach it. I noticed
25 the last two speakers kind of made general remarks that

1 flow from one section into the next and I wasn't going to
2 do that. I was going to reserve mine till the end. But
3 in the spirit of things, I'm going to do some of it now
4 and some of it later.

5 But referencing the four questions that are
6 posed on Page 2, one comment is, is that when you build a
7 model, especially in residential -- and I'm going to
8 limit it to that -- there are commonalities between that
9 and commercial, although they're not quite as strong.
10 You're not going to calibrate, or build a model, or what
11 have you, at a market area. To do so, you're going to
12 introduce inequities into your very model.

13 You're going to take it to the neighborhood
14 level on residential, or some people might want to call
15 it a district. Once you do that, you establish your
16 neighborhoods, or your commercial district, or even your
17 acreage. And then from there you can combine those and
18 experience the same type of economic influence or
19 geographic influence together.

20 I think if you're going to come in and say,
21 well, let's create a market area. We have this big
22 county map. Let's cut it into little sections and call
23 each one of these a market area, you may be going about
24 it from the wrong direction.

25 In my opinion, the best direction is, in order

1 to have a meaningful market area, you first have to have
2 meaningful neighborhoods, districts, and acreage areas,
3 and that's how you build on it.

4 And referencing something Mr. Zachem said, the
5 idea of us using sales, if we were to come up with a
6 defense of mall use for a mall which is in our county,
7 we're going to look outside of Pasco County, obviously.
8 We're going to look to the State of Florida, maybe even
9 the southeastern United States. But jurisdictional
10 boundaries are implied. You can't utilize what the
11 Department of Revenue, I'm assuming -- and if I'm wrong,
12 I hope somebody will tell me -- the Department of
13 Revenue's review of the tax roll. They're measuring how
14 big the tax roll is, whether it be uniformity, formity
15 (sic), level assessment, et cetera. That, by its very
16 nature, is jurisdictional in its boundaries.

17 The market areas, while I will look to the
18 southeastern United States for a mall comparable, saying
19 that the market area consists of Pasco, Hillsborough,
20 Pinellas and all of that, I don't know if it has any
21 bearing on it.

22 Certainly, there might be a problem here with
23 the English language, perhaps. When they say market
24 area, is that where my -- am I going to be confined to
25 that market area despite comparables? If that's the

1 case, we're going to have to scrape it. If a market area
2 just says, okay, these are common areas that a homeowner
3 goes out there and says, I'm going to live in this part
4 of the county, and they look at 15 different
5 neighborhoods, that, in itself, would imply a market
6 area. But there's jurisdictional issues here that
7 prohibit larger than county areas.

8 And going on back to this, I'd say that the
9 most important item on this list of four would be number
10 two. I don't know if the Department of Revenue has any
11 business in worrying about number four. That's really up
12 to the individuals on how they delegate their work. It's
13 the property appraiser's discretion.

14 And again, for the appraisal research, the
15 Department of Revenue is going to select solely on market
16 areas and go and do an appraisal assessment analysis.
17 Again, there may be bias to put it back in the system for
18 the very reasons already stated, that being that for
19 residential properties, the geographic or the location
20 influence is going to be much more specific than would be
21 found in the market area. That's all I have.

22 MR. MOBLEY: Thank you.

23 Mr. Barber raises an interesting question. It
24 is my understanding -- and we can get Mr. Keller, our
25 attorney, to give us a legal assessment of this -- but

1 it's my understanding that, as discussed in the statutes,
2 market areas are intended to denote a geographic division
3 of a particular county jurisdiction into geographic
4 units. And discussion of multiple county market areas is
5 an appraisal research issue which is outside of the scope
6 of the legislative intent to have market areas and for
7 the Department of Revenue to develop market area
8 guidelines.

9 Mr. Keller, do you have anything to add to
10 that?

11 MR. KELLER: No. I'm not sure what exactly you
12 just said, but I don't have anything to add to it.

13 MR. MOBLEY: Thank you for that legal ruling.

14 At this time, does anyone else have anything
15 to add to this particular discussion? In particular, any
16 additional comments on the information presented on lines
17 seven through 18, on Page 2 of the discussion paper on
18 market areas?

19 MR. RAHAL: Vincent Rahal, St. Lucie County.

20 Mine is more, I guess, geared toward use, Al.
21 And maybe the question of: what is the legislative
22 intent of this?

23 You know, I don't know if anyone brought this
24 up last year, but maybe define what the purposes are.
25 And maybe that's what you're trying to do here. But what

1 is the legislative intent? And maybe you can cover
2 again, legally, what the Department is looking at, it's
3 use of this as rules, guidelines, or requirements by
4 property appraisers. You know, how the property
5 appraisers may use market area guidelines could be
6 unlimited, and I don't know if that even needs to be
7 spelled out in a document like this.

8 But I think more importantly is, what is the
9 nature of it, as far as the legislature is concerned
10 and/or if the Department of Revenue will enforce this?

11 MR. KELLER: Well, to try to respond to that
12 comment and question, I'll refer to section 193.114(2)(A)
13 Florida Statutes. The topic of the statute is generally
14 the preparation of the assessment rolls and it talks
15 about what needs to be on the assessment roll. (2) says,
16 the Department shall promulgate regulations and forms for
17 the preparation of the real property assessment roll to
18 reflect -- and then it says, A, a brief description of
19 the property for purposes of location. And effective
20 January 1st, 1996, a market area code established
21 according to Department guidelines.

22 So what that has done is referenced that there
23 must be a guideline, but the location or the codification
24 of the guideline, the place where it lives, is in a rule
25 or regulation. So even though it's in a rule, it still

1 represents a guideline. Now, that may sound
2 inconsistent, but that is not uncommon with respect to
3 rules. Some rules do, in fact, contain guidelines that
4 require the discretion of persons in their application.
5 So this would represent a guideline.

6 Then it says, however, if a property appraiser
7 uses a neighborhood code, beginning in 1994, the property
8 appraise shall provide the neighborhood code to the
9 Department. So that's all it says is that these codes
10 are required to be placed on the assessment roll.

11 MR. RAHAL: So we currently do have those, because
12 we've been providing those. I think every county has
13 been providing those, as far as I know. So now what?

14 MR. KELLER: Most counties have market area codes.
15 Most of them have neighborhood codes, as far as I know,
16 and they are being provided to the Department. However,
17 the Department of Revenue does not have any guidelines
18 that describe market areas or neighborhoods.

19 MR. RAHAL: So, then, what we're basically look at
20 is just the definition of the market area, not the
21 purpose or not the uses of them, but just the definition?

22 MR. KELLER: At this point, we've asked four
23 questions here on Page 2.

24 MR. RAHAL: Yes, I understand that. I was saying,
25 it just sounds to me like, then, what the legislature

1 says is, okay, help the property appraisers in giving
2 them some guidelines that have to define the market
3 areas. Does that sound correct?

4 MR. KELLER: Well, I think when you talk about
5 market areas, certainly one of the things you would talk
6 about is what's the definition of a market area. So,
7 certainly, that would be something that could be asked.

8 MR. RAHAL: But there isn't anything that I've
9 heard, at least, that said, okay, now here's what you've
10 got to do with them.

11 MR. KELLER: Correct. There has not been any
12 statement or idea presented as to what they are for. At
13 this point, these are the questions of what they might be
14 used for. And, certainly, what we're speaking of here,
15 at this point in time, is what the property appraisers
16 would use them for as opposed to what the Department of
17 Revenue would use them for.

18 MR. RAHAL: Okay.

19 MR. KELLER: The scope of this discussion paper
20 does not include what the Department of Revenue would use
21 the market areas for.

22 MR. RAHAL: And then, if I may ask, as you
23 mentioned earlier, I think in your 2004, you indicated
24 that you were going to work with some counties in testing
25 potential uses by the Department of market areas and I

1 don't remember exactly what you said the 2005 would
2 require.

3 MR. MOBLEY: The new -- in the current strategic
4 plan of the Department of Revenue in the year 2005, the
5 new market area coding would be required on assessment
6 rolls, according to the market area guidelines, which are
7 being promulgated between now and the end of the year
8 2003.

9 MR. RAHAL: And there is nothing, as of yet,
10 regarding the market area guideline and roll approval
11 process?

12 MR. MOBLEY: I don't know the answer to that
13 question.

14 MR. KELLER: The answer is no, there is no
15 guideline. There is no idea, as far as I know, at the
16 Department of Revenue about the use of market areas with
17 respect to roll approval. However, a statute was
18 recently passed -- I think it was last year -- which has
19 placed a one-liner in 195.096 which says something along
20 the lines that the Department shall evaluate the rolls
21 either by value group or by market area, in the
22 alternative. So, currently, the Department does evaluate
23 the rolls with respect to valuating groups with the four
24 titles that are used in the roll evaluation. That
25 statute is in the alternative. It says either market

1 area or value approvals.

2 MR. RAHAL: Thank you.

3 MR. MOBLEY: Thank you.

4 At this time, are there any additional
5 comments on the issues and information that we've covered
6 thus far?

7 There being no additional comment on the items
8 covered thus far, we'll now move to the next section of
9 the document which is entitled, on line 22, on Page 2,
10 "Information from the Department of Revenue." The
11 information that's on the next several lines that I'm
12 specifically referring to is from line 22, on Page 2,
13 through line 16, on Page 3. We've already discussed the
14 current DOR Action Plan as far as the development of
15 market area guidelines and their proposed implementation
16 schedule.

17 At this time, does anyone have any additional
18 comment on the information presented between lines 22, on
19 Page 2, and 16, on Page 3?

20 There being no comment on the previously-
21 stated sections of the document, we'll now move to the
22 next section that begins on line 18, on Page 3, and ends
23 on line 14 of page 4.

24 This information is comprised of the work that
25 was done by a Department of Revenue consultant several

1 years ago and we believe that some of the information
2 here has some merit, and it was put in the discussion
3 paper because we would like to get specific public
4 comment on this information and consideration of its
5 possible inclusion in a future draft of market area
6 guidelines.

7 At this time, is there any public comment on
8 the information presented on lines 18, on Page 3, through
9 line 14, on Page 4?

10 MR. KELLER: While we're waiting for the next
11 speaker, can I just clarify my answer previously? I'm
12 looking at the amendment 159.096 where it says, in the
13 alternative, the Department must study the assessment
14 roll by value groups or market areas. And then it adds
15 something I left out, which says, to assure the
16 representativeness of ratio study samples.

17 MR. RAHAL: I just have a question regarding what
18 the Department's looking at as far as the consultant
19 talks about citing market areas and other types of areas,
20 including sub-areas. And is it the Department's position
21 that you'll need, aside from a market area -- or a
22 sub-market area, you'll need those other sub-area codes,
23 or is that all those options?

24 MR. MOBLEY: At this point, that's something that
25 we're looking at. We don't have guidelines -- market

1 area guidelines, at this point. All the information here
2 is tentative. None of it is final. We're looking to get
3 from interested parties any recommendations or comment on
4 the information we've presented here. So, at this point,
5 the answer to the question is, yes, that's subject to
6 future conclusions as to how that's handled.

7 I do know that there are at least two counties
8 I'm familiar with that are using market areas and
9 divisions of market areas in their master appraisal
10 model.

11 MR. RAHAL: I'd just like to say that I believe,
12 based on what the statute says, that it should be limited
13 -- the requirement should be limited to market area. I
14 think that's all that's called for. Or if you want to
15 discuss various other levels of markets, that's fine, but
16 I don't think they should be required.

17 MR. MOBLEY: That's a very good point. Thank you.

18 At this time, is there any additional public
19 comment on the information presented on lines 18, on Page
20 3, through line 14, on Page 4?

21 There being no additional public comment on
22 the previously described section, we'll now move forward
23 with a block of information beginning on line 16, on Page
24 4, and ending on line 16, on Page 5.

25 This is some additional information that was

1 provided over the course of the past few years by a
2 consultant to the Department of Revenue. And by the way,
3 the consultant that provided the previous block of
4 information and this block of information is Bob
5 Gloudemans, who is the author of the textbook entitled,
6 "Mass Appraisal of Real Property," which was published in
7 1999 by the International Association of Assessing
8 Officers.

9 Some of the information presented in this
10 block is similar to that presented in the previous block
11 of information. And at this time, we'd like to ask, does
12 anyone have any comments on the information presented
13 between lines 16, and Page 4, and line 16, on Page 5?

14 MR. BARBER: I disagree with the idea that market
15 areas are not geographically contiguous. I think they
16 need to be.

17 The other thing I'd like to offer up is that,
18 in there, the language seems to indicate that the
19 Department would utilize sub-areas conducting market
20 analysis and appraisals in the in-depth studies. We've
21 gone from a market area guideline to a sub-market area.
22 There's nothing wrong with that, but it narrows the scope
23 of which we started out. Of course, it ties in perfectly
24 with what I was saying, so I agree and disagree at the
25 same time.

1 MR. MOBLEY: I think the last statement is a very
2 accurate characterization of the way many people feel
3 about the subject.

4 At this time, does anyone else have any public
5 comments they would like to make on the block of
6 information between line 16, on Page 4, and line 16, on
7 Page 5?

8 There being no additional public comment on
9 the previously described section, we'll now move to the
10 block of information beginning on line 20, on Page 5, and
11 ending on line 21, on Page 6.

12 This section is entitled, "Guidance for Mass
13 Appraisal Publications." In fact, to the best of our
14 knowledge, at this time, there's only one bit of
15 information in the published literature that provides
16 useful guidance on the subject, and this is from the
17 aforementioned textbook entitled, "Mass Appraisal of Real
18 Property," which was authored by a Department of Revenue
19 consultant named Bob Gloudemans. This discussion begins
20 on line 25 on Page 5 and ends on line 21 on Page 6.

21 At this time, would anyone like to make public
22 comments on this information?

23 With there being no public comments on the
24 previously described information, we'll now move to the
25 top of Page 7 to a section entitled, "Application of

1 Geographic Stratification to Different Property Types."

2 This section is comprised of a series of
3 questions, and we'll try to move through this in blocks
4 and then allow comments on each block.

5 At any time someone has a comment on a
6 previously discussed question where they feel another bit
7 of information should be discussed in a particular area,
8 please feel free.

9 At this time, we would like to pose the
10 question presented on lines five and six of Page 7. And
11 that question is, should geographic stratification be
12 different for each or some of the statutory real property
13 strata?

14 MR. ZACHEM: You know, we've had this
15 discussion in Florida for 30 years, that I can recall.
16 And I've said this at previous public hearings and I'm
17 going to repeat it one more time, so that I can hear it.

18 The use of single digits by the Department of
19 Revenue is an inferior classification and has been for
20 several decades. Most of the progressive counties in the
21 State of Florida are now up to three digits for
22 identification of property.

23 When we got to a point in the early '80s of
24 trying to adopt a state uniform coding system, before it
25 was all broken down by the property appraisers, we were

1 up to three digits then. And I've had some conversations
2 with some friends around the state over the last ten, 15
3 years, and I think that if you ask somebody today,
4 probably the current thought is that four digits would be
5 the best possible optimum for description.

6 When you say 01 is single-family residential,
7 if you go to a four digit, you can now talk about
8 property being ocean front, on a golf course -- you can
9 just -- I know most of the folks that are sitting in this
10 room, and many of these county folks that are in here are
11 probably three decades ahead of the Department of Revenue
12 right now in their numerals. We don't even use these
13 numbers, frankly, in the counties, from the gentlemen and
14 ladies I see in this room. We're all at least at three
15 digit.

16 So I would suggest that the Department of
17 Revenue sit down, get a couple of counties together, and
18 see what the numbers are that the counties are using.

19 I'm not saying, go away from your seven. Use
20 your same seven strata. But in order to be more
21 definitive within a strata, go to four digits.

22 MR. BARBER: Wade Barber with Pasco County.

23 Obviously, I've picked the wrong side of the
24 room to sit on. But to answer the short, quick question,
25 should the geographic boundaries be different for each

1 strata, I think that it should be the same for each type
2 of property. I think your driving force would be the
3 residential or single-family. That's where you find most
4 of your -- I mean, there are certain demand factors,
5 population, income, et cetera. Those are determined by
6 the underlying residential structures that make up the
7 geographic areas. Commercial follows suit with the
8 exception of industrial. Industrial is a national
9 market. And I don't know if there would be any way to
10 ever make a meaningful use of market areas in industrial
11 property. But that aside, I think that they should maybe
12 make the system across the different strata of property.

13 MR. RAHAL: Vincent Rahal, St. Lucie County.

14 I have to take an opposing view to the
15 colleague from Pasco. I believe that it should be
16 related to the different property types and not call them
17 the same. And I've seen that -- what I've defined in my
18 own county -- in the potential market areas. Especially
19 in our commercial-type properties where buyers will buy
20 and look at a market as different on the commercial side
21 than it is on the residential side, and I think they
22 should be independent.

23 MR. MOBLEY: Thank you for the comments.

24 At this time, are there any additional public
25 comments on the information presented between lines five

1 and lines 20 on Page 7?

2 There being no additional comment on that
3 information, we'll now proceed to the next question
4 beginning on line 22, on Page 7, and going through line
5 two, on Page 8.

6 The first primary question for this section
7 is, should there be a different system of developing
8 geographic units for property groups other than the seven
9 statutory strata? And then sub-questions in this section
10 are as follows:

11 Number one. What would be the appropriate
12 criteria for determining such groups?

13 Question two. Should these property groups be
14 based on major property types, such as single-family
15 residential, residential condominiums, retail, office,
16 industrial, lodging, others, et cetera?

17 Question three. Would the appropriate
18 criteria for determining such groups for geographic
19 stratification vary according to the factors in each
20 county, such as property counts, property mixes, quality
21 and quantity of available data, et cetera?

22 At this time, are there any public comments on
23 these questions?

24 I think we may find, as we go through, that
25 we've already had comments on a lot of the questions, but

1 that's certainly fine. We want to go through and cover
2 the material and make sure that we get all of the
3 comments that we can on the questions presented.

4 With there being no public comment on the
5 information presented between lines 22, on Page 7, and
6 line 2, on Page 8, we'll now proceed to the next section
7 beginning on line 4, on Page 8, and ending on line 23, on
8 Page 8.

9 The primary question in this section is, what
10 are the important considerations for applying the
11 geographic stratification to single-family residential
12 property? And under this primary question, we have six
13 additional questions, more detailed questions.

14 Question one. Should geographic
15 stratification for single-family homes be developed
16 differently than that for residential, condominiums, or
17 multi-family property?

18 Question two. If sales comparison models are
19 being used, should market areas be large enough to
20 provide a sufficient number of sales for modeling by
21 market area?

22 Question three. Should market areas be large
23 enough to provide a sufficient number of sales for
24 assessment roll evaluation methodologies by market area?

25 Question four. Should market area boundaries

1 be delineated in a way to avoid having similar properties
2 on adjacent sides of a boundary?

3 Question five. Should market areas be as
4 small as possible, subject to sale data requirements and
5 boundary issues in order to address market variation in
6 as much detail as possible?

7 And question six. Should neighborhoods be
8 defined as areas having very similar improvements and
9 very similar land values subject to parcel specific
10 variation?

11 At this time, is there anyone who has public
12 comments on the information just discussed?

13 MR. RAHAL: I'm back. Vincent Rahal, St. Lucie
14 County.

15 Regarding items, I guess, probably, two, three
16 and five, which sound pretty much the same, I think we
17 need to avoid defining boundaries by what our sales pools
18 would, you know, lead us to. It should be based on
19 property characteristics and typical definitions of
20 market areas and not the amount of sales that occurred
21 within those boundaries. Otherwise, we're artificially
22 designing areas to meet other characteristics, whether
23 it's the property appraiser's models or the Department of
24 Revenue roll review record methodologies. It needs to
25 actually be what the actual definition of the market area

1 would be.

2 MR. MOBLEY: Does anyone have additional answers to
3 the questions presented between lines 4 and lines 23 on
4 Page 8? Any additional comment on this section of
5 information?

6 With there being no additional comment on the
7 previously described information, we'll now move to the
8 next section that begins on line 25, on Page 8, and ends
9 on line 12, on Page 9.

10 The primary question for this section is, what
11 are the important considerations for applying geographic
12 stratification to improved commercial property? Within
13 this section are six more detailed questions.

14 Question one, should geographic stratification
15 for improved commercial property (including multi-family
16 and industrial) be developed differently than that for
17 residential property?

18 Question two. Should improved commercial
19 market areas be based on corridors along traffic
20 arteries?

21 Top of Page 9, question three. Should
22 improved commercial market areas be based on specified
23 use code groups applied countywide?

24 Question four, should improved commercial
25 market areas be based on clusters of commercial uses of a

1 particular type?

2 Question five. What are the important
3 considerations for using improved commercial market areas
4 for mass appraisal applications?

5 And question six. What are the important
6 considerations for using geographic stratification of
7 improved commercial property for ratio studies and other
8 assessment roll evaluation methods?

9 At this time, are there any public comments on
10 the information just presented? Does anyone have the
11 answer to the questions presented between lines 25, on
12 Page 8, and line 12, on Page 9?

13 MR. BARBER: (Inaudible)

14 MR. MOBLEY: Was that a comment?

15 MR. BARBER: Well, the comment is -- I mean, I
16 think it goes back into what I said before, that if you
17 start defining these based on type instead of by the
18 geographic area, I made my point that the geographic area
19 is defined and then the properties that fall within it
20 are there. So responses to these -- most of them would
21 be in the negative or else -- you know.

22 MR. MOBLEY: At this time, are there any additional
23 comments on the information presented between lines 25,
24 on Page 8, and lines 12, on Page 9?

25 With there being no additional comment on this

1 information, we'll now proceed to the next section, which
2 begins on line 14, on Page 9, and ends on line 31, on
3 Page 9.

4 The primary question in this section is, what
5 are the important considerations for applying geographic
6 stratification to land analysis? And under this, there
7 are four -- I'm sorry, five more detailed questions.

8 Question one. Should geographic
9 stratification for single-family lots be the same as for
10 improved single-family property?

11 Question two. Should geographic
12 stratification of commercial land be based on corridors
13 along traffic arteries?

14 Question three. Should geographic
15 stratification of commercial land be based on clusters
16 such as central business districts?

17 Question four. Should stratification of
18 industrial land be based on corridors or on clusters such
19 as industrial subdivision or parks?

20 Question five. Should geographic
21 stratification of commercial land differ from that of
22 commercial improved property due to the potential wide
23 array of different commercial improved property types
24 within a commercial land corridor?

25 At this time, are there any public comments on

1 the questions and issues presented between lines 14 and
2 lines 31 on Page 9?

3 Does anyone other than Mr. Wade Barber have
4 the answers to these questions?

5 With there being no comments or answers
6 presented to the information between lines 14 and 31, on
7 Page 9, we will now move to the top of Page 10 to our
8 final section, which is entitled, "Considerations and
9 Tools for Implementing Geographic Stratification."

10 The first subsection of this is comprised of
11 information between line seven and line 25, on Page 10.
12 The primary question here is, what are the important
13 considerations for determining the boundaries of
14 geographic units? And then there are five more detailed
15 questions under this primary question.

16 Question one. Should the boundaries of
17 geographic units be based on natural features such as
18 rivers and oceans?

19 Question two. Should the boundaries of
20 geographic units be based on man-made features such as:
21 major streets, expressways, subdivisions, canals, changes
22 in property type, changes in the quality of real property
23 construction, and changes in the quality of property
24 maintenance?

25 Question three. Should the boundaries of

1 geographic units be based on legal boundaries such as:
2 future land use classifications, zoning classifications,
3 school districts, census tracts, city limits, and county
4 lines?

5 Question five. Correction, question four.
6 Would the correct answers to questions one through three
7 above depend on the property type involved?

8 And question five. Would the correct answers
9 to questions one through three above depend on the
10 geographic unit involved such as market area, sub-market
11 area, neighborhood, or corridor?

12 At this time, does anyone have any public
13 comment on the information and questions presented
14 between lines seven and lines 25, on Page 10?

15 This must be an especially challenging section
16 since neither Mr. Barber nor Mr. Rahal have the answers.

17 MR. BARBER: I've got the answers. I'll reserve my
18 comment on these after.

19 MR. MOBLEY: Here come the answers.

20 MR. BECK: Stan Beck, for the record.

21 I think that what we have to really ask
22 ourselves is, why are we doing all of this, and therein
23 lies the answer.

24 As I view it -- and if I'm wrong, I hope
25 you'll enlighten me -- this whole discussion is material

1 and important to us because the large strata might give
2 an appearance of assessments that are at the right level,
3 but that's because it's just an average.

4 It's like the guy who's got his right foot on
5 a block of ice and his left foot in boiling water, and on
6 average, he's perfectly comfortable. But it's important
7 to be able to look at the strata and divide it up into
8 some logical segments in order to determine whether the
9 parts are also assessed properly. And I think that's
10 what we're talking about here.

11 I think this is just so academic that we need
12 to get down to the fundamentals of why we're talking
13 about it and what our goal is. And after we really focus
14 on the goal, then we decide what the relevant factors are
15 which enable you to get there.

16 And just for starters, if you took each strata
17 and looked at them one at a time and came up with some,
18 maybe, four or five logical sub-strata, then it would
19 give you an opportunity to analyze each strata and each
20 sub-strata, and you would spot, perhaps, certain
21 sub-strata where your data would indicate that those
22 assessments are not where they should be and you would be
23 able to focus on them. Even though, on average, the
24 entire strata would pass.

25 The other thing is that, if you had a strata

1 that appeared to be out of line, then you need to be able
2 to look at the sub-strata in order to find out where the
3 error is. You might have 90 percent of the strata
4 assessed perfectly, but if you can't find the 10 percent
5 where the error is, you wouldn't know how to correct it.
6 You would end up adjusting the whole strata in order to
7 try to pull the thing into where it should be.

8 So I think that it's a matter of kind of
9 looking at this thing from the inside out, or the bottom
10 up, or top down, or something a little different in order
11 to get to some logical answers, and the sub-strata may be
12 different in approach based upon each of the seven
13 strata.

14 And the last point that's really puzzling me
15 is the interrelationship between the vacant parcels and
16 the improved parcels for same zoning. And I don't know
17 if -- well, it's a subject in itself, but I think that
18 there should be some kind of connection between the
19 areas. Thank you.

20 MR. MOBLEY: Thank you.

21 MR. ZACHEM: Dave Zachem, for the record.

22 I agree with Stan's comment. And I think,
23 probably, we should focus why we're here today on this
24 subject. And we're here today on this subject because of
25 Dr. Gloudemans' comments in the Auditor General's report,

1 particularly in the area where he commented that there
2 were a number of his counties, in his view, where there
3 was a tremendously high percentage of new home sales in
4 relationship to the total sales in that county of
5 single-family houses.

6 His remarks were, at that particular point,
7 limited to single-family houses. And his concern was,
8 that in several counties there were so many new home
9 sales in that particular jurisdiction, that it had the
10 result of skewing the roll numbers, the total county roll
11 numbers. And that the DOR was approving those tax rolls
12 where they shouldn't be approving those tax rolls because
13 of the existence of that very high percentage.

14 And I think in a couple of counties that he
15 was focused on, I recall 80 percent of the single-family
16 houses were brand-new homes, new-to-the-market sales, and
17 not resales. And for that, I think that in order to meet
18 that portion of the Auditor General's derogatory
19 comments, that all of a sudden we've got this sentence in
20 the legislation a year ago, talking about market areas,
21 and here we are building this great, big, huge pyramid
22 here.

23 Once again, I would offer my regard and my
24 comments in the area of be very careful with getting too
25 small. You're going to get into trouble if you do that.

1 Under no circumstances use school districts. You'll be
2 on the front page of the newspaper if you do that. You
3 get too small with economic units and you're going to
4 come dangerously close to redlining. You're going to get
5 on the front page of the newspaper doing that. It's
6 going to be much better to stay with larger units,
7 geographical units, and not try to go down too much of
8 the strata element at this particular point. That's just
9 my opinion.

10 MR. MOBLEY: Thank you.

11 At this time, are there additional public
12 comments on the questions presented between lines 7 and
13 lines 25, on Page 10?

14 Does Mr. Beggs have any answers to these
15 questions?

16 MR. BEGGS: No.

17 MR. MOBLEY: With there being no additional public
18 comment on the information between lines 7 and 25, on
19 Page 10, we'll now move to the final section of the
20 document which begins on line 27, on Page 10.

21 The primary question here is, what are some
22 useful tools for implementing geographic stratification?
23 There's some information that's presented here that we
24 know from experience and from discussions with the
25 counties that have implemented geographic stratification,

1 to some degree, of some tools that are being used. We'll
2 go through this information. If anyone has any
3 additional ideas or recommendations for tools or
4 successes or problems you've encountered, please share
5 those with us.

6 Beginning on line 28, page 10. Useful tools
7 for implementing geographic stratification may include
8 items such as CAMA systems, geographic information
9 systems, and appraisal knowledge of local markets. CAMA
10 system programs may be used to populate data fields with
11 codes for geographic units such as market areas or
12 neighborhoods. Then, the CAMA system may be used to
13 store these data, and to run analysis reports and
14 valuation programs based on these geographic unit codes.

15 Once decisions are made regarding potential
16 boundaries of geographic units, GIS may be used to
17 efficiently implement the required coding on the
18 appropriate parcels. GIS may be used to highlight a
19 group of parcels on a map and then generate a list of
20 identification numbers for the highlighted parcels.
21 Then, the desired geographic unit codes for each parcel
22 may be programmatically placed in the appropriate data
23 fields in the CAMA system.

24 The local knowledge of field personnel can be
25 an invaluable tool for determining the boundaries of

1 geographic units, especially for neighborhoods.

2 At this time, does anyone have any public
3 comment on this information or any recommendations or
4 additional tools to be included or any questions?

5 The last couple of lines on Page 11 of the
6 document that says Final Note. Remember, geographic
7 stratification is an evolving issue in the State of
8 Florida, and all Florida stakeholders are encouraged to
9 participate in this evolution.

10 At this time, does anyone have any additional
11 public comments they would like to make, questions they
12 would like to ask, or answers to any of the questions
13 presented?

14 MR. BARBER: Wade Barber from Pasco County.

15 Listening to the two gentlemen who spoke just
16 previous to me reminds me of a saying, "If the question
17 don't make sense, neither will the answer."

18 The question appears to be that the Department
19 of Revenue is going to utilize market areas to evaluate a
20 roll. Nobody wants to say it, but that's obviously what
21 the intent is. If that is, indeed, the intent, then
22 drawing lines on a map may be as practical a solution as
23 anything. If the intent is something other than that,
24 say, to have the Department of Revenue come in and say,
25 okay, this is our sample. Let's select sales from this

1 market area, then you really are approaching problems.

2 Because as I said previously, when you develop
3 a model, you calibrate the model, and you're going to go
4 out and look for those comparable sales that are most
5 comparable to the subject matter properties, whether it
6 be the mass appraisal system or appraisal review method
7 used by the Department of Revenue.

8 The thing I'd like to offer up is that there's
9 a jurisdictional boundary implied. By the very word
10 "market area," there's an implication that it has to be
11 contiguous, that it is one geographic area. And despite
12 what others may think -- and this isn't just directed
13 towards you, but it seems to be a recurring theme -- if
14 you're going to do it by geographic area, do it by
15 geographic area. The idea that you can have similar
16 property types next door to each other in different
17 market areas kind of -- I mean, the question's already
18 been asked and answered. You can't do that.

19 If the market area is, indeed, reflective of
20 the market area, the similar properties won't be
21 separated into market areas. If you're going to use city
22 boundaries, well, then, the properties aren't similar.
23 There's a difference there. So the path is really up to
24 the appraiser.

25 And it's said within the document, but I think

1 it should be reemphasized. And my comments -- and I will
2 follow this up with written comments that the property
3 appraiser's discretion is in no way hindered by the
4 market area and that market areas are limited to scope.
5 They can't be utilized for or against property
6 appraisers. And I couldn't imagine that -- and maybe I'm
7 not swift enough -- but I can't imagine how market areas
8 could be used against property appraisers.

9 I want to reiterate one thing Mr. Zachem said,
10 that the areas do need to be large enough so that if you
11 are going to use them for roll evaluation purposes, you
12 can identify those traits or those factors of properties
13 that would be lost when the grouping of properties become
14 so small that, in essence, it becomes tracking cells.
15 And that's all I have.

16 MR. PENNINGTON: Ken Pennington, Osceola
17 County Property Appraiser's Office.

18 The only question I have is, in this document
19 there's a lot of very specific questions that I feel that
20 you're looking for specific answers. And I've heard you
21 say that this is on the web site. Can we download this,
22 answer it under this format, and e-mail it back to you?

23 MR. MOBLEY: Yes. Absolutely.

24 MR. PENNINGTON: Because I think when you've got 22
25 different people in here, you would probably get 22

1 different answers, at this point. So I think it would be
2 to our benefit to download it, meet amongst our office,
3 or whatever, to come up what we feel the answers should
4 be, and get them back to you.

5 MR. MOBLEY: Thank you for saying that. That would
6 be the ideal situation. I'm not sure if this document is
7 live on the Internet yet, but it has been processed and
8 it should be live any day now.

9 And we would absolutely love if we could get
10 100 responses the way you've just described. If people
11 would look at this document and say, I have the answer to
12 this question; or I think I have the answer; or here's
13 some type of response to this question; or to tell us, as
14 Mr. Barber would, this question makes no sense, and then
15 he would tell us why it would make no sense -- all of
16 these types of responses would be very helpful, because
17 it was enable us to learn from the perspectives and
18 experiences of the people that will be affected by this.
19 And we would very much appreciate that, if anyone -- all
20 stakeholders and interested parties, if they were to be
21 inclined to take an approach like that, it would be
22 ideal.

23 MR. RAHAL: Vincent Rahal, St. Lucie County.

24 I've been in this business for about 20 years,
25 in property assessment on the assessment side, and we go

1 through a lot of in-depth audits every other year and
2 audits every year, actually. But in dealing with the
3 Department of Revenue over the years, one of the things
4 that I've talked to them about, as far as what I think
5 our agenda should be, is to put out a good tax roll
6 that's fair for everyone. And I think that's what the
7 goal should be of this meeting is defining market areas
8 that would benefit -- a tax roll that would be beneficial
9 to everyone in the county and within the state.

10 Unfortunately, I think what happens is that
11 there's a lot of different agendas here. The tax reps
12 have their agendas and everybody seems to have their own
13 agenda. So it seems like there's a lot of differences of
14 opinions on this and I think we get sidetracked
15 sometimes.

16 When we were talking today about market areas
17 -- and some of the questions in the last few sections,
18 which I didn't discuss specifically, and I'll also answer
19 in a written format -- but I think a lot of the answers
20 are really, maybe. And I think when you look at those
21 questions, you know, again, what I referred to before, we
22 can't dictate.

23 And what I said about the sales, we can't let
24 the sales pool dictate what a market area is going to be
25 like. And the same holds true with even boundaries of

1 rivers, or whatever, natural or other boundaries, because
2 on either side of that river, you can have markets that
3 are similar and markets that are the same, or maybe
4 should be in the same market area.

5 And we can disagree, like I said already, on
6 our definitions here, but I think if you look back to one
7 of the comments you made with regard to -- I believe you
8 made it to what is your market for shopping centers. It
9 may be nationwide. And I think that's the idea, that
10 when you look at the different property types is that
11 your markets vary depending on your buyer's outlook. And
12 so I think boundaries for all property types, in my
13 opinion, again, is wrong. Because within certain types
14 of properties, those boundaries may be fixed, but when
15 you get into various other property types, those
16 boundaries may keep expanding up into the nationwide-type
17 boundary.

18 So I think if we focus on what's best for the
19 people of the State of Florida, what will help us as
20 property appraisers do our job, and, obviously, the
21 Department of Revenue, as well, in reviewing what we do,
22 I think that, hopefully, we can come up with a tool that
23 will help give us guidance.

24 I think that the property appraisers that I've
25 talked to and know all really work hard at trying to put

1 out a good tax roll that is fair and equitable to all the
2 systems of their county. Thank you.

3 MR. MOBLEY: Thank you for your comment. I think
4 that Mr. Rahal made an excellent point, that the goal for
5 all of this should be to produce more accurate and
6 equitable just evaluations on assessment rolls.

7 I need to address an earlier comment that was
8 a phrase that was used regarding the Department of
9 Revenue using market areas against property appraisers.
10 I would like to strongly refute that. I don't think --
11 no one that I know at the Department of Revenue, and I
12 certainly don't feel this way, is looking to use anything
13 against anybody else. We're looking at developing tools
14 and methodologies which will enable us to get to our goal
15 of having the most accurate and equitable just
16 evaluations of real property, both within and between
17 counties, that we can in the State of Florida.

18 At this time, does anybody else have any
19 additional comments, questions, answers on any of the
20 issues discussed here today?

21 MR. KELLER: We made reference to the web page in
22 the papers at the back of the room, if you want to pick
23 one up, with the address where you can e-mail your
24 comments to. If you would like to fax your comments, the
25 address is -- or rather the fax number is (850) 922-9252.

1 And direct your comments to either Al Mobley or Sharon
2 Gallop.

3 MR. MOBLEY: On behalf of the Department of
4 Revenue, I want to thank each of you for taking the time
5 to be here and making your comments and concerns known.
6 It is invaluable to the Department to have this kind of
7 participation from Florida stakeholders so that together
8 we can work toward the common goal of having the most
9 accurate and equitable just valuations of real property
10 as possible. I can assure you that we will do our best
11 to address any concerns that have been presented here
12 today within the current statutory and administrative
13 provisions.

14 Thank you again for coming here today. We
15 appreciate your comments. And this concludes this
16 workshop.

17 (Whereupon, this proceeding was
18 concluded at 3:20 p.m.)

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1 C E R T I F I C A T E

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3 STATE OF FLORIDA:

4 COUNTY OF ORANGE:

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6 I, MARYLEE B. MILLER, being a Registered
7 Professional Reporter and Notary Public, State of Florida at
8 Large, do hereby certify that I was authorized to and did, in
9 Stenotype shorthand, report the foregoing proceedings had at
10 the time and place therein designated; and that my shorthand
11 notes were thereafter reduced to typewriting, by me, through
12 computer-aided transcription; and that the foregoing pages,
13 numbered 2 through 57, inclusive, constitute a true, complete
14 and accurate transcription, to the best of my ability, of my
15 said Stenotype notes taken herein.

16

17 DATED this 15th day of July, 2002.

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MARYLEE B. MILLER, RPR

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